

# PROTOCOL for the Power Source Disclosure and Customer Credit Programs

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# CALIFORNIA ENERGY COMMISSION

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# **CALIFORNIA ENERGY COMMISSION**

## **Protocol for the Power Source Disclosure and Customer Credit Programs**

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### ***OVERVIEW and Objectives of Assurance Protocol***

#### **I.**

This document addresses reporting requirements for two California Energy Commission programs — the Power Source Disclosure Program (Disclosure Program) and the Renewable Energy Program, Customer Credit Subaccount (Customer Credit Program). The primary objectives of this assurance protocol are to clarify the California Energy Commission's assurance requirements relating to these programs and to provide guidance to program participants and their independent public accountants or internal auditors on how to satisfy and report on these assurance requirements. Ultimately, the reports issued in connection with this protocol are intended to provide the California Energy Commission with assurances that the information reported in connection with these California Energy Commission programs is accurate and prepared in accordance with identified program standards. Indirectly, this independent assurance is intended to foster consumers' confidence that they are being provided reliable information and that public funds are spent in an appropriate manner. Terms used in this document needing further explanation are put in boldface type the first time they are used and are defined in Section VII.B. and C.

The term **program participants** as used in this document refers to **Retail Providers** and **Power Pools** participating in the Disclosure Program, and **Registered Renewable Providers** and **Registered Renewable Wholesalers** participating in the Customer Credit Program.

Both programs require an independent audit of their Annual Report by an independent account (see qualifications at section 5). The California Energy Commission (Energy Commission) has recognized that the requirement for a true audit placed undue burden on program participants and has changed the verification standards to agreed-upon procedures with amendments to its regulations.<sup>1</sup>

### ***Summary of the Power Source Disclosure Program***

Public Utilities Code/398.1(b) requires that all Retail Providers of electricity disclose information about the sources of power that support the **customers** purchases. The Energy Commission is responsible for administering the program and ensuring that consumers are provided with accurate information. The format for disclosure is called a **power content label**.

As directed by Public Utilities Code/398.1(b), the Power Source Disclosure Program (Disclosure Program) of the Energy Commission requires all Retail Providers of electricity to provide a power content label for use by their customers and prospective customers. The power content label displays the fuel mix — or power content — of the **electricity product** or products being offered for sale to consumers, where **fuel mix** refers to the fuel source of the power being provided. The Disclosure Program is designed to help consumers easily

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<sup>1</sup> The regulations covering the Agreed Upon Procedures can be found in Appendix C to the Energy Commission's Generation Source Disclosure Regulations at Title 20 of the California Code of Regulations/1390 et seq. A complete copy of the amended regulations can be found on the CEC web site at [www.energy.ca.gov/sb1305](http://www.energy.ca.gov/sb1305).

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understand the sources of energy that are used to provide their electric service, and also to enable consumers to compare electricity products from competing companies. Using the power content label, the Retail Provider must show the fuel mix for the electricity product being offered for sale and, as a comparison, the **California Power Mix** (a.k.a. net system power). By law, Retail Providers must display a power content label in all product-specific written promotional materials and must send their customers quarterly label updates<sup>2</sup>. Retail Providers may identify a resource mix for their product that is identical or different from the California Power Mix. If a resource mix different from the California Power Mix is identified for a given product, the Retail Provider must validate these claims at the end of the year through an independent verification process — the subject of this protocol. Power purchases that are identified as being different from net system power are **specific purchases**, meaning that the purchase must be traceable by documentation to a specific generating facility. If a specific generating facility cannot be documented, the Retail Provider may not claim that source on their power content label and must instead disclose net system power.

A Retail Provider claiming specific purchases discloses a projected fuel mix on its power content label. The label thus changes throughout the year as specific power resources become known. At the end of the calendar year, the Retail Provider must prepare an Annual Power Content Label for its customers showing the fuel mix for actual electricity purchases. If actual purchases deviated from projected purchases by more than five percentage points for any claimed fuel type, the Annual Power Content Label must also display the projected fuel mix which varies the most from the actual power mix and provide an explanation for the deviation. In addition, the Retail Provider must prepare and submit to the Energy Commission an **Annual Report** detailing electricity purchases and retail sales. This report, called the Annual Report to the California Energy Commission: Power Source Disclosure and Customer Credit Programs, consists of several schedules, that must be completed by Retail Providers. Similarly, Power Pools that facilitate specific purchases must submit an annual report to the Energy Commission that details power sold into the pool and power purchased out of the pool. Certain schedules in the Annual Reports are designed for this purpose. Both Retail Providers and Power Pools are required to have these Annual Report independently verified, as described in this protocol unless exempted by subsection (b) (2) of Section 1394, of Title 20 of the California Code of Regulations.

Additional information regarding the Disclosure Program and its reporting requirements can be found in Public Utilities Code, Section 398.1 et seq. and in regulations published in Title 20, of the California Code of Regulations, commencing with Section 1390.

### ***Summary of the Customer Credit Program***

The Energy Commission's Customer Credit Program was established pursuant to Senate Bill 90 (SB 90); Chapter 905, Statutes of 1997, to provide **customer credit** to eligible consumers

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<sup>2</sup> Section 1393 (c), (2) and (3) of Title 20 of the California Code of Regulation provide for Internet notification of customers with their agreement.

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who purchase eligible renewable energy<sup>3</sup>. Funding for the credits comes from the Energy Commission's Customer Credit Subaccount that is part of the Renewable Resource Trust Fund. The Trust Fund was created under SB 90 to support renewable electricity generation technologies and the development of a market for renewable energy. The customer credit is based on a cents-per-kWh credit level for eligible renewable electricity.

The program is limited to customers within the service territories of Pacific Gas and Electric Company, Southern California Edison Corporation, San Diego Gas & Electric Company and Bear Valley Electric Service. Large customers who are neither residential nor small commercial are subject to a \$1,000 cap on the amount they may receive annually from the Customer Credit Subaccount.

**Retail Providers** must submit a registration form to the Energy Commission to become a Registered Renewable Provider, the first step in participating in the Customer Credit Program. Those who register receive a certificate stating that they are a Registered Renewable Provider and are eligible to receive funds from the Customer Credit Subaccount. Each **provider** is given a unique CEC - Registration number for each product they offer. One provider may register several products. Wholesalers or Power Pools may also register with the Energy Commission to become Registered Renewable Wholesalers, but they are not eligible to receive funding from the Customer Credit Subaccount.

Eligible customers receive the customer credit if they purchase qualifying electricity from a Registered Renewable Provider. The Energy Commission distributes funds to providers as reimbursement for credits the provider has already passed on to customers. Registered Renewable Providers invoice the Energy Commission to receive funding from the Customer Credit Subaccount after they have purchased eligible renewable energy and passed the credit on to eligible customers. The Energy Commission makes monthly payments based on data that providers submit in their Monthly Performance Report (referred to as the MPR and is form CEC-1890D-2 in the *Guidebook for Renewable Technology Program — Volume 4, Customer Credit Subaccount*, Fifth Edition, December 2000). The MPR includes data on power purchased from eligible renewable generation facilities or from Registered Renewable Wholesalers and data on sales to consumers. Data for multiple products are aggregated on one MPR. Registered Renewable Wholesalers must also submit information documenting that the power they sell or **broker** is eligible for funding from the Energy Commission, although Wholesalers are not eligible for funding.

Under the program requirements, Registered Renewable Providers are to inform customers of the amount of credit they receive from the Renewable Resource Trust Fund for their purchases of eligible energy. The credit is to be shown on the recipient customer's electricity bills.

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<sup>3</sup> Details of the requirements for the Customer Credit Program can be found in the *Guidebook for Renewable Technology Program — Volume 4, Customer Credit Subaccount*, Fifth Edition, December 2000. This document can be obtained from the Energy Commission Web Site <[www.energy.ca.gov/renewables](http://www.energy.ca.gov/renewables)>.

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Registered Renewable Providers and Registered Renewable Wholesalers are required to submit an Annual Report to the Energy Commission. The Annual Report is to be prepared on a calendar year basis to coincide with other reporting requirements in SB 90 and the Power Source Disclosure program.

Additional information regarding the Energy Commission Customer Credit Program and its reporting requirements can be found in Sections 4 and 6 of SB 90 (codified in Public Utilities Code Sections 383.5 and 445) and the *Guidebook for Renewable Technology Program — Volume 4, Customer Credit Subaccount*, Fifth Edition, December 2000 (*Guidebook*).

### ***Scope of Assurance Protocol***

This assurance protocol addresses the annual reporting requirements of the Disclosure Program under SB 1305 and the Customer Credit Program under SB 90. Because of the Energy Commission's desire to make these reporting requirements as economical as possible for the program participants, a single protocol has been developed to achieve the objectives of both programs. Each of the required steps outlined below indicates the applicable program. This guidance is to be used for those entities participating in the Customer Credit Program and/or the Disclosure Program and the Energy Commission acknowledges that the procedures put forward in this guidance are sufficient for satisfying verification requirements when performed in their entirety. However, the Energy Commission reserves the right to investigate any discrepancies brought to its attention by the Agreed-Upon Procedures Report prepared pursuant to these procedures.

Some of the procedures outlined in this protocol may satisfy the verification requirements of the Green-e Program administered by the Center for Resource Solutions. Green-e Program participants should study the Center for Resource Solutions' verification standards to determine what, if any, additional procedures are required by the Center for Resource Solutions for its certification program.

## **II. GENERAL ASSURANCE PROTOCOL PROVISIONS**

### ***Form of Engagement and Report***

The program participant must engage an independent accountant or an internal auditor to perform this assurance engagement and report on agreed-upon procedures in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Attestation Engagements, Section 600, *Agreed-Upon Procedures Engagements* or under Statements on Auditing Standards, Section 622, *Engagements to Apply Agreed-Upon Procedures to Specified Elements, Accounts, or Items of a Financial Statement*. Excerpts of a sample report are included with this protocol in Section VII.A. Program participants may elect to have their internal audit department (or the internal audit department of an affiliated company) perform the procedures described in Section III, provided that the individual accountant signing the report for the internal audit department is a Certified Internal Auditor.

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The term accountant hereinafter refers to an independent public accountant or certified internal auditor.

The report should include a description of the procedures performed and findings in a manner similar to reporting under Section AT600 or AU622 of the AICPA's attestation or auditing standards, respectively. The accountant should make reasonable efforts to ensure that the report is prepared in accordance with these minimum standards. In accordance with paragraph .41 of AICPA Section AU622, The accountant need not perform procedures beyond the agreed-upon procedures. However, if in connection with the application of agreed-upon procedures, matters come to the accountants attention by other means that significantly contradict the basis of accounting for the specified elements, accounts, or items of a financial statement referred to in the accountants report, the accountant should include this matter in his or her report. For example, if, in connection with the application of agreed-upon procedures, the accountant becomes aware of a potentially material adjustment to that account by means other than performance of the agreed-upon procedures, the accountant should include this matter in his or her report.

The program participant may elect a higher level of assurance with regard to its Energy Commission reporting requirements conducted by an accountant. The Energy Commission welcomes similar audit-level assurance with regard to the information, forms and assertions described in this protocol. Such alternative reporting should be discussed with Energy Commission staff prior to submission of the report.

### ***Generation Certificates Program***

The Energy Commission has developed a program wherein specific purchases can be supported by a tradable record called a Certificate of Specific Generation (**Certificate**)<sup>4</sup>. The Certificate documents a block of generated electricity and includes information about the fuel type of the generating facility. A **generator** can create a certificate using software developed by the Energy Commission<sup>5</sup>, which would simultaneously generate a report to be sent to the Energy Commission detailing the generator's output (in kWhs) and the allocation of this output among one or more serial numbered certificates. The Certificate can then be freely sold amongst **Wholesalers** and Retail Providers of electricity. The owner of the Certificate at the end of the calendar year can claim the electricity that created the Certificate, both for purposes of the power content label and possibly for purposes of the customer credit. In this way, the Certificate represents the right to claim specific purchases and can serve as documentation for the same.

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<sup>4</sup> Regulations covering the Energy Commission Certificate Program are found in, Appendix B, to the Generation Source Disclosure Regulations at Title 20, California Code of Regulations/1390 et seq. A copy of these regulations can be found on the CEC web site at [www.energy.ca.gov/sb1305](http://www.energy.ca.gov/sb1305).

<sup>5</sup> Access to the software can be obtained from the Energy Commission web site at <http://www.energy.ca.gov/sb1305/certificates>.



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The Energy Commission intends the Certificate to be prima facie evidence of a specific purchase, and would not require the retailer to provide any further documentation. The kWhs of output from a participating generator and the corresponding Certificate may be sold together or separately, but the rights to claim a specific purchase would follow the Certificate of Specific Generation only.

### ***Tickets for Generation Allowable under the Customer Credit Program***

For purposes of participating in the Customer Credit Subaccount, eligible renewable generation may be characterized as having a commodity energy attribute and a renewable attribute, sometimes referred to as a greenness attribute. Hence, for each kWh of eligible renewable energy generated, a corresponding kWh of renewable attribute is generated. This renewable attribute may be separately documented from the commodity electricity through the use of a ticket or a certificate, which the generator may then sell or broker separately from the commodity energy, possibly to different parties. Once the renewable attribute of eligible generation has been separated from the corresponding commodity energy, the commodity energy can no longer be used to obtain a customer credit rebate. However, the ticket or certificate may be used to obtain a customer credit rebate provided the conditions below are satisfied.<sup>6</sup>

The ticket must represent energy that is eligible for payment. The eligibility criteria for tickets are that they must represent electricity that is: 1) generated from a facility that satisfies the definition of in-state renewable generation, AND 2) not sold under the terms of a power purchase contract with an electrical corporation that was originally entered into prior to September 24, 1996, regardless of whether the contract was amended or restated thereafter.

Tickets that represent eligibility for funding from the Customer Credit Subaccount may be prepared, documented and accounted for using the Commission's pilot Certificate of Generation program (described above), but they can also be documented through other means. Annual Reports and Monthly Performance Reports that include amounts supported by eligible tickets are subject to the same assurance requirements as are bundled transactions.

Eligible tickets may be traded without restriction at the wholesale level among generators, wholesalers, and providers and remain eligible for eventual payment from the Customer Credit Subaccount, when matched with a like quantity of commodity energy sold to an end-use customer. However, tickets that are sold to end-use customers without a matching quantity of commodity energy are not eligible for customer credits.

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<sup>6</sup> Once the eligible ticket is sold separately from the commodity energy, the commodity energy becomes generic or system mix power. The commodity energy may not be sold as a specific purchase for purposes of retail disclosure under Senate Bill 1305, unless an eligible ticket matches it. Further, each kWh represented on an eligible ticket may be sold or associated with electricity sales to only one end-use customer.

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Retail trading of eligible tickets is NOT allowable for payment from the Customer Credit Subaccount. A registered renewable provider choosing to sell eligible tickets to an end-use customer for the purpose of offering customer credits must match the kWh that those eligible tickets represent with a like amount of system power delivered to that customer.

To qualify for a customer credit rebate, a customer must purchase tickets AND the delivery of a like amount of commodity energy from the SAME registered renewable provider. A customer may not purchase commodity energy from its default utility distribution company and qualify for customer credits, nor may a customer purchase eligible tickets from one registered renewable provider and its commodity energy from another registered renewable provider (such transactions would not qualify for customer credits).

### ***Programs Subject to Testing***

The programs subject to testing are the Energy Commission's Generation Source Disclosure Program under SB 1305 and the Customer Credit Program under SB 90. It is important to note that the Center for Resource Solutions has its own set of reporting requirements for its certification program, which may overlap with the reporting requirements under the Disclosure and Customer Credit Programs. Forms required under the Center for Resource Solution's Certification Program may not conform with the reporting requirements outlined in this document and should not be used in place of these specified reporting requirements. However, the Energy Commission will accept a combined report which addresses both the reporting requirements of the Disclosure and Customer Credit Programs as outlined in this protocol and the Center for Resource Solution Certification Program reporting requirements. The Energy Commission does not assume any responsibility as to any information, reporting, monitoring or any other facet of the Center for Resource Solutions' program requirements. Should a combined report be prepared, compliance with these Energy Commission and Center for Resource Solutions requirements are the sole responsibility of the program participant.

### ***Scope Decisions***

The management of the program participants will need to make certain decisions regarding the scope of testing. This is due to the guidance involving agreed-upon procedures conducted in accordance with the AICPA, at Section AT600 or Section AU622, which results in an accountant's report that is in the form of procedures and findings and not in the form of an opinion or negative assurance. Additionally, the specified users of the agreed-upon procedures report are responsible for the sufficiency (nature, timing and extent) of the agreed-upon procedures, and assume the risk that such procedures might be insufficient for their purpose or that they might misunderstand or inappropriately use findings properly reported by the accountants.

The Energy Commission has attempted to provide an assurance protocol that requires limited decisions necessary from the management of the program participant or from the accountant;

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however, in those situations where it is necessary, the assurance protocol clearly indicates when scope decisions are necessary and who should make those decisions.

### ***Period Covered by Reporting Requirements***

The agreed-upon procedure report must be prepared for the Disclosure Program and/or Customer Credit Program on a calendar year basis for years ending on December 31, 1999, and thereafter. For those companies that began participation in the programs during the year, the reports should be prepared for the period ending December 31.

### ***Submittal of Reports to the Energy Commission***

The agreed-upon procedures report must include the Schedules required for the Energy Commission's Annual Report and must be submitted to the Energy Commission for the Disclosure Program and/or Customer Credit Program no later than June 1, beginning in 2000 and each year thereafter, unless indicated otherwise by the Energy Commission.

### ***Other Information to be Submitted to the Energy Commission***

The reports and information described below should accompany the agreed-upon procedure report.

1. *Requirement for Retail Providers Participating in the Retail Disclosure Program*  
Retail Providers offering verification for purposes of the Disclosure Program must provide:
  - Copies of all four quarterly power content labels for the calendar year;
  - Sample copies of all promotional power content labels pertaining to the calendar year; and
  - A copy of the annual power content label.

These documents must be provided for each product for which the Retail Provider made claims of specific purchases. Note that Power Pools need not provide this documentation.

2. *Requirement for Registered Renewable Providers Participating in the Customer Credit Program*

The Registered Renewable Provider must provide to the Commission a sample copy of an invoice which shows the disclosure language informing consumers that they are receiving the customer credit. A sample invoice must be submitted for each product for which the provider has submitted MPRs to the Commission. If the credit level has changed in the given year, the Registered Renewable Provider must provide sample copies of their bills reflecting each credit level. For example, if the credit level changed once in the given year and the provider offered the customer credit for two products, the provider must submit four sample invoices. Consumer specific information such as name, address, and amount due may be deleted from the samples.

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### ***Use of Sampling Techniques***

The accountant may use sampling techniques to test the attributes of the program participant's data. Because sampling is the application of a procedure to less than 100 percent (100%) of the population, certain sampling criteria have been established by the Energy Commission to be followed in the performance of the agreed-upon procedures. Additionally, the program participants and the accountant will need to make certain decisions and judgments in the process of establishing the appropriate sample size, following the guidance set forth in the AICPA AU Section 350, *Audit Sampling*. If the accountant chooses not to use sampling techniques, testing of 100 percent (100%) of the population must be performed.

When sampling is used, the sample size is to be determined using a confidence level of 90 percent (90%), a tolerable deviation of ten percent (10%), and an expected deviation rate of three percent (3%). Additionally, the program participant will need to ascertain the population size (estimates are acceptable). Once these parameters have been determined, the accountant should determine the sample size to be tested by utilizing a statistical sampling program. All parameters used and the sample size are to be described in the report. The sample selection should be made on a random basis with random number generator or a similar process as the preferred approach. The Energy Commission will allow other sample selection methods (e.g., systematic) provided the resultant selection is ultimately random in nature (e.g., each member of the population has an equal chance of being selected). In any event, no more than 50 percent (50%) of the selected transactions may relate to any one month unless more than 50 percent (50%) of the population relates to the same month (in which case this should be disclosed in the report).

### ***Tests of Attributes***

When performing the procedures described in this protocol, it is important that the accountant understand the objectives and nature of the tests to be performed. Each of the procedures addressed in Sections III. and IV. is designed to test specific attributes, and the objectives of the procedures are noted at the beginning of each testing section.

### ***Principal Testing to be Performed***

The principal testing to be performed will be reading, vouching, comparing and recalculating information provided to the accountant by the program participant. See Sections III. and IV. for specific tests to be performed.

### ***Applying General Procedures to Specific Circumstances***

This document provides guidance and specific examples of the procedures to be performed in providing the Energy Commission with assurances as to the accuracy and completeness of program participants' reports to the Energy Commission. The nature and complexity of supply and sale transactions differ among participating parties. Additionally, accounting systems and transaction data structures of each of the program participants will vary along with the types of information and reports internally available. Accordingly, the requirements

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described in Sections III. and IV. are not intended to be all inclusive, but rather represent the minimum standards to be applied in performing tests of the documentation trail associated with the information filed with the Energy Commission by the program participants. Judgment will need to be applied in order to execute the agreed-upon procedure engagement under each specific circumstance.

### ***Report Titles***

The procedures described in Sections III. and IV. below have references to examples of the types of reports to be used in performing the agreed-upon procedures. These report titles are included to provide some indication of the nature of the report and information that should be subject to the identified testing. Almost certainly, the titles of the reports actually used by the individual program participant will differ from those used in this protocol. Moreover many report titles used in this protocol include the term annual, inferring that the information is annual in scope. In reality, intermediary reports (e.g., monthly or daily) may need to be used to perform the agreed-upon procedures. The accountant should clearly indicate in the agreed-upon procedure report the name of each internal report generated by the program participants, and used in the performance of these agreed-upon procedures. The accountant should provide a description in the agreed-upon procedure report of additional information, internal or external reports, and internal or external documentation used to perform the tests.

The objective of this Protocol is to describe the required testing of certain information that is published and/or reported to the Energy Commission in connection with the identified Energy Commission programs. This information is generally evidenced at the transaction level by an invoice (purchase and sale) with such invoice information then being accumulated and segregated through numerous accounting functions and reports. In carrying out the procedures incorporated in this Protocol, the accountant should focus on the audit trail associated with the aggregation of information through these functions. Accordingly, not only will the report names most likely differ from those described in the Protocol, but also the number of steps along the audit trail will be unique to each accounting environment. The accountant should apply this Protocol to each client circumstance with this flexibility in mind.

### **III. SPECIFIC ASSURANCE REQUIREMENTS FOR RETAIL PROVIDERS AND REGISTERED RENEWABLE PROVIDERS**

The assurance requirements described below apply to Retail Providers participating in the Disclosure Program and/or Registered Renewable Providers Participating in the Customer Credit Program. The procedures are organized so as to first test supplies of electricity and then sales of electricity.

Most of the assurance requirements described below apply to participants of both programs. In some cases, however, specific assurance requirements apply only to Retail Providers of the Disclosure Program or only to Registered Renewable Providers of the Customer Credit

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Program. Such steps are indicated as supplemental only procedures as they are applicable to only one program.

### A. Supply

The objectives of performing these procedures are to provide assurances relating to the following:

- Fuel mix of electricity claimed on the power content label is accurately categorized (Disclosure Program);
- Electricity for which the customer credit was paid was in fact eligible to receive funding (Customer Credit Program); and
- Electricity claimed (to consumers) by the Registered Renewable Provider and/or Retail Provider has not been resold at wholesale, other than as generic. This is to ensure that the fuel type attribute or the eligibility for cost credits is not claimed by more than one party (Disclosure or Customer Credit Programs).

### *Verification of Purchases*

1. Obtain an internal report from the Registered Renewable Provider and/or Retail Provider that contains the detail of the annual specific purchases and **generic purchases** (kWhs purchased, date generated, generating facility), referred to in these procedures as the **Electricity Supply Report** (see description of report title in Section VII.B.). This should be the report that was used by the Registered Renewable Provider and/or Retail Provider to complete the **Annual Report, Schedule 1: Power Purchases and Resales** (Schedule 1).
  - a. Recalculate the kWhs purchased by generating facility and fuel type from the Electricity Supply Report.
  - b. Agree the purchases by generating facility or pool name, unique identification number, Certificate of Specific Generation (Certificate) numbers of any certificates issued, the gross kWhs purchased by fuel type, and the kWhs Resold or Self-Consumed by fuel type as shown in the Electricity Supply Report to Schedule 1. If a Retail Provider/Registered Renewable Provider purchased power from a Power Pool/Registered Renewable Wholesaler that does not provide unique generating facility information to its customers, the name of the Power Pool/Registered Renewable Wholesaler should have been used in place of the generating facility on Schedule 1. Note any exceptions.
  - c. Using the Sampling Guidelines in Section II., select a sample of purchases from the Electricity Supply Report (when testing a sample of purchases, it may be necessary to test reports that provide more detailed information, e.g. a daily report). From the sample of purchases, perform the following for each selected item:

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- i. Compare each selected item per the Electricity Supply Report to a copy of the billing invoice or certificate that contains information regarding kWhs purchased and date of generation (the date of generation can be in terms of month/year). It may also be necessary to read a copy of the contract or other documents to test this information (specify in the accountant s report if the contract or other documents were used). Note any exceptions.
  - a) If the purchase was recorded as a specific purchase, agree from the billing invoice or certificate to Schedule 1 the unique generating facility ID number and the fuel type used to generate the electricity (if available) or the Certificate serial number. If the power was purchased from a Registered Renewable Wholesaler/Power Pool, agree the name of the Wholesaler/Pool and the fuel type of electricity purchased (if available) from the billing invoice to Schedule 1. If the purchase was recorded as a generic purchase, there would be no need to agree the billing invoice from Schedule 1 for the generating facility ID number and fuel type. Note any exceptions.
  - b) If the selected purchase is being claimed as a specific purchase and Step i. above cannot be referenced to information about fuel type, compare the generator s name or ID number to an Energy Commission generator listing (available upon request) to determine fuel type. Note any exceptions.
  - c) If the facility that generated the electricity being claimed on Schedule 1 is owned by the Registered Renewable Provider/ Retail Provider, compare the kWhs recorded as purchased or generated to meter readings made by an independent third-party (such as a scheduling coordinator or a meter data management agent) at the generation side of the busbar. Agree the generator name or ID number to a generator listing as noted in Step a) above. Note any exceptions
  - d) Obtain from the Registered Renewable Provider/ Retail Provider a copy of the most recent meter certification and report the date of the certification in the accountant s report.
- ii. **Disclosure Program Only Supplement:** Read the date of generation (which can be in terms of month/year) on the billing invoice or certificate and compare this to the generation date per the Electricity Supply Report. Report as an exception if the generation date is different than the calendar year being reported.
- d. Agree the Net kWh Purchased column by fuel type from Schedule 1 to the Net Purchases (kWh) column shown on the **Annual Report, Schedule 2B: Balancing Sheet** (Schedule 2B). For each fuel type that shows an amount in the Differences column, the Retail Provider and/or Registered Renewable Provider

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should have provided an explanation as an attachment to Schedule 2B. Note as an exception if this explanation was improperly excluded.

- e. Test the mathematical accuracy of Schedules 1 and 2B. Note any exceptions.
- f. ***Customer Credit Program Only Supplement:*** For all purchases that are included as being eligible for the Customer Credit on Schedule 1, compare the generator's ID number to an Energy Commission report of Eligible Renewable Supplier or Registered Renewable Wholesalers. This report can be found on the Energy Commission's Web Site under the Renewable Energy section — Information for Electric Service Providers ([www.energy.ca.gov/renewables](http://www.energy.ca.gov/renewables)). Note any exceptions.

### ***Verification of Resales***

- 1. For Retail Providers and Registered Renewable Providers that resold energy at wholesale or consumed some of the electricity purchased/generated, obtain an internal report from the Registered Renewable Provider and/or Retail Provider that contains the detail of specific and generic energy resold at wholesale or consumed, referred to in these procedures as the **Annual Wholesale Sales Report** (see description of report titles in Section VII.B.). This should be the report that was used by the Registered Renewable Provider and/or Retail Provider to complete the kWh Resold or Self Consumed column of Schedule 1.
  - a. Test the mathematical accuracy of the Annual Wholesale Report. Note any exceptions.
  - b. Recalculate the kWh resold or consumed by fuel type per the Annual Wholesale Sales Report and agree this to the kWh of fuel resold or consumed by fuel type listing on Schedule 1. Note any exceptions.
  - c. Using the Sampling Guidelines in Section II., select a sample of transactions from the Annual Wholesale Sales Report for testing and perform the following for each selected item:
    - i. Compare each selected item per the Annual Wholesale Sales Report to a copy of the billing invoice (e.g., the bill sent to the provider's customer) or certificate that contains information regarding kWhs resold at wholesale, date of generation, and the unique generating facility ID number (the date of generation can be in terms of month/year). It may be necessary to also read a copy of the contract or other documents to test the information (specify in the accountants' report if the contract or other documents were used). Note any exceptions.
      - a) If the power was sold as a specific fuel type, agree from the billing invoice or certificate to Schedule 1 the unique generating facility ID number and the fuel type used to generate the electricity (if available). If the purchase was from a Registered Renewable Wholesaler and/or Power Pool, agree the



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name of the Wholesaler/Power Pool to a copy of the billing invoice (e.g., the bill received from the provider's supplier) that contains information regarding kWhs sold at wholesale and date of generation. Note any exceptions.

- b) If the power was sold as a specific fuel type and Step a (above) did not include information about the fuel type, compare the generator's name or generating facility ID number listed in Schedule 1 to an Energy Commission generator listing (available upon request) to determine fuel type. Note any exceptions.
- ii. ***Disclosure Program Only Supplement:*** For purposes of verification for the Disclosure Program, read the date of generation (which can be in terms of month/year) on the billing invoice or certificate and compare this to the generation date per the Electricity Supply Report. Report as an exception if the generation date is different than the calendar year being reported.
- iii. ***Customer Credit Program Only Supplement:*** For all resales that are indicated as being eligible for the customer credit on Schedule 1, compare the generator generating facility ID number to an Energy Commission report of Eligible Renewable Supplier or Registered Renewable Wholesalers. This report can be found on the Energy Commission's Web Site under the Renewable Energy Section — Information for Electric Service Providers ([www.energy.ca.gov/renewables](http://www.energy.ca.gov/renewables)). Note any exceptions.
- iv. ***Customer Credit Program Only Supplement:*** Calculate the cumulative total of purchases per facility as reported in Box 9 of all MPRs submitted to the Energy Commission. Make any adjustments necessary to convert MWhs to kWhs and to account for amended MPRs submitted to the Energy Commission. Agree the total kWhs purchased from each facility as listed on Schedule 1 to the total kWhs purchased per facility as calculated from Box 9 for all the MPRs for the annual reporting period. If the net total per facility on Schedule 1 is different from the net total per facility in Box 9 of the MPRs, note the difference as an exception.

### B. Demand

The objectives of performing these procedures are to provide assurances relating to the following:

- The annual power content label is mathematically accurate (Disclosure Program);
- The annual power content label disclosure contains accurate comparisons of actual and projected power purchases (Disclosure Program);

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- Customers receiving the customer credit meet eligibility requirements (Customer Credit Program);
- Registered Renewable Providers are submitting accurate information on their Monthly Performance Reports to the Commission (Customer Credit Program);
- Registered Renewable Providers are properly informing their customers about the customer credit (Customer Credit Program);
- Registered Renewable Providers are designating their customers into the appropriate classification (Customer Credit Program); and
- Funding cap thresholds are not being exceeded, where applicable (Customer Credit Program).

### *Verification of Sales*

1. Obtain a report from the Retail Provider that contains the detail of monthly retail sales per customer, and for each product sold by fuel type, **Retail Sales by Month Report** (see description of report title in Section VII.B.) and was used to complete the **Annual Report, Schedule 2A: Retail Sales** (Schedule 2A). Recalculate the sales by fuel type and by product on Retail Sales by Month Report for all months and compare these amounts to the kWh of retail sales by fuel type and by product reported on Schedule 2A. Note any exceptions.
2. Test the mathematical accuracy of Retail Sales by Month Report. Note any exceptions.
3. The Retail Provider and/or Registered Renewable Provider should have provided an explanation as an attachment to Schedule 2A if the total retail sales noted in Schedule 2A did not agree with total Net kWh Purchased from Schedule 1. Note as an exception if this explanation was improperly excluded.
4. Using the Sampling Guidelines in Section II., select a sample of customer sales transactions detailed on Retail Sales by Month Report for testing (when testing a sample of retail sales, it may be necessary to test reports that provide more detailed information, e.g. a daily report). From the sample of retail sales, test and perform the following for each selected item:
  - a. Compare for selected items the kWhs by fuel type and product per Retail Sales by Month Report to a copy of the billing statement and any other necessary record that contains information by customer of kWhs retail sales by product (specify in the report what, if any, other record was used). Note any exceptions.
  - b. If the Utility Distribution Company performed the provider's customer billing, it is acceptable to compare the Retail Sales by Month Report to a billing summary prepared by the Utility Distribution Company. Note any exceptions.
5. Test the mathematical accuracy of Schedule 2A. Note any exceptions.

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6. ***Disclosure Program Only Supplement:*** Using Schedule 2A of the Annual Report for each product, calculate the fuel mix percentages by fuel type using the following calculation. (Note that the electronic version of the **Annual Report, Schedule 2C: Annual Power Content Label Calculation** (Schedule 2C) also shows this calculation for each product, which can be viewed on the lower portion of the page. Also, calculator is available on web page <[www.energy.ca.gov](http://www.energy.ca.gov)>):

$$w1(x) + w2(y)$$

w1 = Percentage of electricity in this electrical product that the retailer provided through specific purchases

x = Percentage contribution for a given fuel category or sub-category to total specific purchases for that product

w2 = Percentage of electricity in the electricity product the Retail Provider provided through generic purchases

y = Percentage contribution for the fuel category or sub-category to the net system power fuel mix. (Note: refer to Net System Power Report on the Energy Commission's web site to obtain the percentages for Net System Power.)

7. ***Disclosure Program Only Supplement:*** For each electricity product being tested, obtain from the Retail Provider a copy of the annual power content label for the previous calendar year (but disclosed to its customers during the current calendar year). For each fuel type, compare the percentages calculated in Step 5. above (rounded to the nearest whole percent) with the percentages printed under the column labeled **Actual Power Mix** of the annual power content label and with the percentages calculated on Schedule 2C. Note any differences that are greater than one percent (1%) (as rounded).
8. ***Disclosure Program Only Supplement:*** For each electricity product being tested, obtain from the Retail Provider a copy of all four quarterly power content labels and any other power content labels from the year that were used in promotional documents or web sites. If the absolute value of the difference of each fuel type percentage between the **actual** column of the annual power content label and any of the projected disclosures is greater than five percentage (5%) points, then the Retail Provider should have displayed a **Projected Power Mix** column on their annual power content label and a footnote explaining the reason for the discrepancy. This projected column should display the same percentages by fuel type for the projected disclosure that had the greatest variance (in absolute value) from the **Actual Power Mix** column of the annual power content label. The accountant should compare the percentages by fuel type disclosed in the projected disclosures with the percentages by fuel type calculated in the above Step 5 and determine the absolute value of the differences. If the absolute value for any fuel type for any projected disclosure is

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- greater than five percentage (5%) points, read the percentages by fuel type in the Projected Power Mix column of the Annual Power Content Label to determine that the projected disclosure that varied the most in absolute value was displayed. If the variance of greater than five percentage points exists, but there is no column printed for Projected Power Mix or no footnote explanation, include this as a finding on the agreed-upon procedures report.
9. ***Disclosure Program Only Supplement:*** Test the mathematical accuracy of Schedule 2C. Note any exceptions.
  10. ***Customer Credit Program Only Supplement:*** Recalculate the following information as reported in the Retail Sales by Month report obtained in Step 1 above and compare it to the information reported in Schedule 2D of the **Annual Report, Schedule 2D: Summary of Retail Sales by Customer Class** (Schedule 2D). Note any exceptions.
    - a) Cumulative total eligible kWh sold per product by customer class for a given year;
    - b) Total number of customers served per product and per customer class at the close of the year; and
    - c) Cumulative total customer credits passed on per product and per customer class for a given year. number of customers served per product and per customer class at the close of the year;
  11. ***Customer Credit Program Only Supplement:*** Calculate the cumulative total of kWhs sold per customer class as reported in boxes 5a, 6a, and 7a of all MPRs submitted to the Energy Commission for the given year. Account for amended MPRs submitted to the Energy Commission. Agree the total kWhs sold for all products collectively and per customer class shown in Schedule 2D with the totals calculated from the MPRs. If there is a difference in the totals calculated for the MPRs and the totals reported in Schedule 2D, the Registered Renewable Provider should have provided an explanation as an attachment to Schedule 2D. Note as an exception any amounts that did not agree and/or if this explanation was improperly excluded.
  12. ***Customer Credit Program Only Supplement:*** Compare the number of customers by product per customer class as reported in boxes 5b, 6b, and 7b of the last month in the given year the Registered Renewable Provider submitted an MPR to the Energy Commission (this will be the December MPR unless a product was discontinued or the provider exited the program before the end of the year). Account for amended MPRs submitted to the Energy Commission. If there is a difference, the Registered Renewable Provider should have provided an explanation as an attachment to the schedule. Note as an exception if this explanation was improperly excluded.
  13. ***Customer Credit Program Only Supplement:*** Calculate the cumulative total of the customer credits passed on to each customer class as reported in boxes 5c, 6c, and 7c

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of all MPRs submitted to the Energy Commission for the year and compare this to the total customer credits passed on per customer class for all products collectively as shown in Schedule 2D. If there is a difference, the Registered Renewable Provider should have provided an explanation as an attachment to the schedule. Note as an exception any amounts that do not agree and/or if this explanation was improperly excluded

14. ***Customer Credit Program Only Supplement:*** For those customer sales transactions selected through sampling in Step 3. above perform the following additional tests:
  - a. Determine if the classification category per Retail Sales by Month report is consistent with the classification specified in the Guidebook for the Renewable Energy Program, Volume 4 — Customer Credit Subaccount (refer to Tables 5 through Table 7 in the Guidebook). Note any exceptions.
  - b. Determine if distributions per customer exceeded \$1,000, credit level cap for those customers who do not qualify as residential or small commercial. The calculation should be based upon the sum of the eligible kWhs sold to the customer per month, multiplied by that month's credit level. This calculation should be repeated for each month of the year that the customer was served. The dollars credited per month must then be added to calculate the total customer credits the consumer received for the entire year. Note as an exception any amounts in excess of the funding credit level cap.
  - c. Obtain the selected customer's invoice from the Registered Renewable Provider and read the invoice as follows:
    - i. Determine if there were energy charges from the Registered Renewable Provider. Note as an exception any energy charges to the Utility Distribution Company. This procedure is to provide verification of a direct access contract with the end-user.
    - ii. Compare the month of the bill and the product information on the bill with the Retail Sales by Month Report to ensure that the report shows that the customer was billed for that product in that month. Agree that the product registration number(s) listed in Box 1 of the MPR for which data from the selected invoice was included reflects the appropriate CEC product registration number. Note any exceptions.

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- iii. Determine if the billing invoice indicates that the customer is receiving the credit level applicable for the period selected. In a year when the credit level has changed, select one invoice in the last month using the old credit level and one invoice for the first month with the new credit level and determine that the proper credit level for the period is disclosed. Note as an exception if the billing invoice does not disclose to the consumer that they are receiving funding at the specified credit level.
- iv. Include an example of the disclosure language as part of the accountants report.

15. ***Customer Credit Program Only Supplement:*** Test the mathematical accuracy of the Totals columns of Schedule 2D. Note any exceptions.

### IV. SPECIFIC ASSURANCE REQUIREMENTS FOR POWER POOLS AND REGISTERED RENEWABLE WHOLESALERS

The assurance requirements described below apply to Power Pools participating in the Disclosure Program and/or Registered Renewable Wholesalers Participating in the Customer Credit Program. The procedures are organized so as to first test supplies of electricity and then demand.

Most of the assurance requirements described below apply to participants of both programs. In some cases, however, specific assurance requirements apply only to Power Pools of the Disclosure Program or only to Registered Renewable Wholesalers of the Customer Credit Program. Such steps are indicated as supplemental only procedures as they are applicable to only one program.

#### A. Supply

The objectives of performing these procedures are to provide assurances relating to the following:

- Fuel mix of electricity claimed by Retail Providers that purchase power from the Power Pool is accurately categorized (Disclosure Program);
- Electricity for which the customer credit was paid out was in fact eligible to receive funding (Customer Credit Program); and
- Electricity claimed by a given program participant has not been sold or traded to more than one buyer. This is to ensure that the fuel type attribute or the eligibility for cost credits is not claimed by more than one party (Disclosure or Customer Credit Programs).

#### ***Verification of Sales into Power Pool***

1. Obtain an internal report from the Registered Renewable Wholesaler and/or Power Pool that contains the detail of the annual specific and generic power sold into the

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pool (kWhs purchased, date generated, generating facility, Certificate number), referred to in these procedures as the Electricity Supply Report (see description of report title in Section VII.B). This should be the report that was used by the Registered Renewable Wholesaler/ Power Pool to complete the **Annual Report, Schedule 3: Power Sold into Pool** (Schedule 3).

- a. Test the mathematical accuracy of Electricity Supply Report. Note any exceptions.
- b. Recalculate the kWhs sold into the pool by generating facility and fuel type from the Electricity Supply Report.
- c. Agree the power sold into the pool by generating facility name/ID number, or Certificate number and the gross kWh power sold into the pool by fuel type as shown in the Electricity Supply Report, to Schedule 3. Note any exceptions.
- d. Using the Sampling Guidelines in Section II., select a sample of power sold into the pool from the Electricity Supply Report (when testing a sample of power sold into the pool it may be necessary to test reports that provide more detailed information, e.g. a daily report). From the sample of power sold into the pool, test and perform the following for each selected item:
  - i. Compare each selected item per the Electricity Supply Report to a copy of the billing invoice or Certificate that contains information regarding kWhs power sold into the pool and date of generation (the date of generation can be in terms of month/year). It may be necessary to also read a copy of the contract, or other documents to test this information (specify in the accountants report if the contract or what other documents were used). Note any exceptions.
    - a) If the power sold into the pool was recorded as a specific power sold into the pool, agree from the billing invoice or Certificate to Schedule 3 the unique generating facility ID number and the fuel type used to generate the electricity. If the power sold into the pool was from another Registered Renewable Wholesaler/ Power Pool, the name of the Wholesaler/Power Pool should be used in place of the generating facility on Schedule 3. Note any exceptions.
    - b) If the selected power sold into the pool is being claimed as a specific fuel type and Step a) above did not produce information about fuel type, compare the generator s name or generating facility ID number to an Energy Commission generator listing (available upon request) to determine fuel type. Note any exceptions.
    - c) If the facility that generated the electricity being claimed on Schedule 3 is owned by the Registered Renewable Wholesaler/ Power Pool, compare the kWhs recorded as purchased or generated to meter readings made by an

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independent third-party (such as a scheduling coordinator or a meter data management agent) at the generation side of the busbar. Agree the generator name or ID number to a generator listing as noted in Step b) above. Note any exceptions. Obtain from the Registered Renewable Wholesaler/ Power Pool a copy of the most recent meter certification and report the date of certification in the accountants report.

- e. Test the mathematical accuracy of the Gross kWh Sold into the Pool column of Schedule 3. Note any exceptions.
2. **Disclosure Program Only Supplement:** Read the date of generation (which can be in terms of month/year) on the billing invoice or Certificate and compare this to the generation date per the Electricity Supply Report. Report as an exception if the generation date is different than the calendar year being reported.
3. **Customer Credit Program Only Supplement:** For all power sold into the pool that are checked as being eligible for the customer credit on Schedule 3, compare the generator's ID number to an Energy Commission report of Eligible Renewable Supplier or Registered Renewable Wholesalers. This report can be found on the Energy Commission's Web Site under the Renewable Energy section — Information for Electric Service Providers ([www.energy.ca.gov/renewables](http://www.energy.ca.gov/renewables)). Note any exceptions.
4. **Customer Credit Program Only Supplement:** Calculate from Schedule 3 the total per facility for all transactions sold into the power pool that are checked as being eligible for the Customer Credit. Calculate the cumulative total of purchases per facility as reported in Box 5 of all MPRs submitted to the Energy Commission by the Registered Renewable Wholesaler for the annual reporting period. Account for amended MPRs submitted to the Energy Commission. If the total per facility calculated from Schedule 3 is different from the total per facility calculated from Box 5 of the MPRs, note the difference as an exception.

### B. Demand

The objective of performing these procedures is to provide assurance related to the following:

- Power Pools and Registered Renewable Providers are submitting accurate information on their Annual Reports and Monthly Performance Reports to the Energy Commission (Disclosure and Customer Credit Programs).



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### *Verification of Sales Out of Power Pool*

1. From Schedule 3, add total purchases sold into pool per fuel type. On the **Annual Report, Schedule 4: Power Purchased out of Pool** (Schedule 4), total the power purchased out of pool by fuel type, combining purchases eligible for the customer credit and other specific purchases, as necessary. Agree total kWh sold into pool by fuel type from Schedule 3 and total kWh sold out of pool by fuel type from Schedule 4. If the amounts do not agree, note the difference as an exception and check that the Registered Renewable Wholesaler/ Power Pool has provided an explanation for the discrepancy.
2. Obtain an internal report from the Registered Renewable Wholesaler/ Power Pool containing the detail of monthly purchases from the Registered Renewable Wholesaler Power Pool for each entity purchasing power from the pool, by fuel type, referred to in these procedures as the **Purchases out of Power Pool per Month Report** (see description of report title in Section VII.B.). This should be the report that was used to complete Schedule 4. Recalculate purchases out of pool by purchaser, by fuel type on Purchases out of Power Pool per Month Report for all months. Compare these amounts to the kWh purchases out of pool by purchaser, by fuel type shown on Schedule 4. Note any exceptions.
3. Test the mathematical accuracy of Purchases out of Power Pool per Month Report. Note any exceptions.
4. Using the Sampling Guidelines in Section II., select a sample of purchase transactions from the power pool detailed on Purchases out of Power Pool per Month Report for testing (when testing a sample of power sold out of the Pool, it may be necessary to test reports that provide more detailed information, e.g. a daily report). Compare for selected item the kWhs of fuel type and product per Purchases out of Power Pool per Month Report to a copy of the billing statement (e.g., the bill sent to the Pool s/Wholesaler s customer) and any other necessary record that contains information by customer of kWhs purchased out of the pool, by customer and fuel type (specify in the report any other necessary records used). Note any exceptions.
5. Test the mathematical accuracy of Schedule 4. Note any exceptions.

## V. ACCOUNTANT S QUALIFICATIONS

The accountant shall be a member in good standing with the American Institute of Certified Public Accountants or a member in good standing and certified as an Internal Auditor with the Institute of Internal Auditors.

## VI. HOW TO GET HELP - ENERGY COMMISSION RESOURCES

Should assistance be required, Energy Commission staff members are available to answer questions. Questions relating to the verification of purchases for purposes of the Power Source Disclosure Program should be directed to: Drake Johnson at (916) 653-5898 or

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djohnson@energy.state.ca.us. Questions relating to the verification of purchases for purposes of the Customer Credit Program should be directed to: Heather Raitt at (916) 654-4735 or hrait@energy.state.ca.us.

### VII. SAMPLE REPORT EXERPTS AND OTHER PRACTICE AIDS

#### A. SAMPLE REPORT EXCERPTS UNDER SECTION AT600, AGREED-UPON PROCEDURES

(Note that if the accountant is performing agreed-upon procedures under auditing standards, the accountant should refer to Section AU622 for the proper reporting excerpts.)

##### *Independent Accountant's Report on Applying Agreed-Upon Procedures*

To the Board of Directors of  
XYZ Energy Incorporated  
and the California Energy Commission, Technology Evaluation Office

We have performed the procedures enumerated below, which were agreed to by XYZ Energy Incorporated, solely to assist you with respect to complying with annual reporting requirements of the California Energy Commission's Power Source Disclosure and Customer Credit Programs for the year ended December 31, 2000. This agreed-upon procedure engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report.

Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

*[The accountant would include paragraphs to enumerate procedures performed, reports used and findings.] It is important to note that the following example only contains a few steps as an example. The actual Agreed-Upon-Procedures Report submitted to the Energy Commission should enumerate all procedures performed and any exceptions noted:*

1. We obtained an internally generated report from XYZ Energy Incorporated that contained the detail of specific and generic purchases (kWhs purchased, date generated and generating facility or Certificate number), Daily Specific and Generic Purchases Report, and is attached hereto as Exhibit 1 (*the report is not actually included in this sample, but should be included for filing with the Energy Commission*). We performed the following procedures:
  - a. Recalculated the kWhs by generating facility and fuel type on the Daily Specific and Generic Purchases Report without exception.
  - b. Agreed the purchases by generating facility ID number and the gross kWhs purchased by fuel type as shown on the Daily Specific and Generic Purchases

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Report to the Annual Report Schedule 1: Power Purchases and Resales Report that is attached hereto as Exhibit 2 (*the schedule is not actually included in this sample, but should be included for filing with the Energy Commission*).

- c. Selected a sample of energy purchases, using a confidence level of 90 percent (90%), a tolerable deviation of ten percent (10%), an expected deviation of three percent (3%) and an estimated population size of XXX. This resulted in XX purchase transactions being selected and the following tests were performed:
  - i. Compared each selected energy purchase to a copy of the billing invoice or Certificate noting that the kWhs purchased and date of generation were in agreement. For those purchases recorded as a specific purchase, the unique Certificate number, generating facility ID number and the fuel type was in agreement with the billing invoices except as follows:
    - a) For the generating facility ID #6049AH, specific purchases on the Daily Specific and Generic Purchases Report was shown as 10,000 kWhs, while the billing invoices was shown as 11,000 kWhs.
  - ii. For testing of the date of generation for the Disclosure Program, all items selected from the Daily Specific and Generic Purchases Report agreed to the billing invoice or Certificate without exception.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the compliance of the annual reporting requirements of the California Energy Commission's Power Source Disclosure and Customer Credit Programs. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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This report is intended solely for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

[date and signature]

### **B. DESCRIPTION OF REPORT TITLES AND OTHER INFORMATION NEEDED BY THE ACCOUNTANT**

The following is a generic list of information that program participants need to provide to their accountant and should be tailored to each particular engagement as reports and information will vary. The list identifies the program participant that should supply the information and indicates if the information is relevant to one or both programs.

*Participants of the Disclosure and Customer Credit Programs:*

1. Contract, billing statement, Certificates, tickets, or other third party documentation that contains information of kWhs purchased, date generated and generating facility.
2. Billing invoices to customers. Where the Retail Provider or Registered Renewable Provider has resold energy at resale, include a copy of the contract and any other information necessary for the accountant.
3. For any generating facilities owned by the party undergoing this verification, meter reading documentation made by a third party, if any, (i.e., scheduling coordinator or meter data management agent) supporting the generation amounts.
4. **Electricity Supply Report** — A report that contains the detail of annual specific and generic purchases (kWhs purchased by day or month, date generated, and per generating facility for specific purchases) used by the participants in the Disclosure and Customer Credit Programs. This report is used to complete Schedule 1 if the program participant is a Registered Renewable Provider and/or Retail Provider and Schedule 3 if the program participant is a Registered Renewable Wholesaler and/or Power Pool.
5. **Annual Wholesale Sales Report** — A report from the Retail Provider or Registered Renewable Provider that contains information about all wholesale sales of electricity. (Note that this is not applicable to those Registered Renewable Providers and/or Retail Providers that do not function as a Wholesaler.)
6. **Retail Sales by Month Report** — A report from the Retail Provider that contains the detail of monthly retail sales per customer, and for each product sold by fuel type and used to complete Schedule 2A of the Annual Report. If the provider is also participating in the Customer Credit Program, then the report should include the unique Utility Distribution Company customer ID number and the following information for each customer: rate schedule, registered product the consumer purchases, and kWhs sold per month. This report should have been used to complete

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- Schedule 2D of the Annual Report. The auditor will need to have the data sorted by customer class and by product. The report should also include data on customer credits passed on to customers subject to the \$1,000 annual funding cap (non-residential and non-small commercial customers.)
7. **Purchases out of Power Pool per Month Report** — A report from the Registered Renewable Wholesaler and/or Power Pool that contains the detail of monthly purchases out of power pool, by entity purchasing power out of the pool and by fuel type. This is the internal report that was used to complete Schedule 4 of the Annual Report.
  8. **Annual Report, Schedule 1: Power Purchases and Resales** — Annual reporting requirement for Registered Renewable Providers and Retail Providers. This schedule provides information about the power purchases that support electricity products offered by program participants. For specific purchases, Schedule 1 identifies the facility that generated the electricity purchased (and resold, if applicable). Customer Credit Program participants indicate which transactions they believe are eligible for the Customer Credit on this form.
  9. **Annual Report, Schedule 2A: Retail Sales** — Annual reporting requirement for Registered Renewable Providers and Retail Providers. This schedule provides information about how purchases recorded on Schedule 1 were allocated between the various electricity products offered by program participants.
  10. **Annual Report, Schedule 2B: Balancing Sheet** — Annual reporting requirement for Retail Providers. This schedule summarizes power purchases and retail sales documented in Schedules 1 and 2A, by fuel type, and permits a simple way to verify that supplies and load are matched.
  11. **Annual Report, Schedule 3: Power Sold into Pool** — Annual reporting requirement for Registered Renewable Wholesalers and Power Pools. This schedule provides information about the electricity sold into the power pool that supports electricity products offered by other program participants. For specific purchases, Schedule 3 identifies the facility that generated the electricity sold into the pool. Customer Credit Program participants indicate which transactions they believe are eligible for the Customer Credit on this form.
  12. **Annual Report, Schedule 4: Power Purchased out of Pool** — Annual reporting requirement for Registered Renewable Wholesalers and Power Pools. This schedule provides information about who purchased power out of the pool, including how much and what fuel types.

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### *Participants of the Disclosure Program:*

13. The annual power content label for the previous calendar year (but disclosed to customers in the current year) and all four quarterly power content labels and sample copies of power content labels used in promotional documents or web sites.
14. **Annual Report, Schedule 2C: Annual Power Content Label Calculation** — Annual reporting requirement for Retail Providers. This schedule automatically calculates the annual power content label percentages given the retail sales entered on Schedule 2A. Below the printed sheet (on the electronic version of this form) are tables that show how each percentage was calculated, using the formula provided in these procedures.

### *Participants of the Customer Credit Program:*

15. **Annual Report, Schedule 2D: Summary of Retail Sales by Customer Class** —Schedule 2D provides product specific information about sales to customers who received the Customer Credit during the reporting year, including: eligible kWhs sold per customer class, number of customers per customer class, and amount of customer credits passed on per customer class.
16. MPRs and amended MPRs filed for the applicable year.
17. A listing of facilities that generate electricity that is eligible for the Customer Credit. The listing is available from the Energy Commission's Web Site at ([www.energy.ca.gov/renewables](http://www.energy.ca.gov/renewables))
18. A listing of the credit level applicable per month of the year being tested.

## C. GLOSSARY OF TERMS

**Annual Report** — *Annual Report to the California Energy Commission* — Parties subject to the reporting requirements of the Power Source Disclosure Program and/or the Customer Credit Subaccount are required to submit the Annual Report to the Energy Commission. The Annual Report is comprised of several schedules in which the applicable party must submit data regarding electricity supplies, or retail sales of electricity, or both. The Annual Report is available from the Energy Commission's Web Site at (<http://www.energy.ca.gov/sb1305>).

**broker** —an entity that arranges the sale and purchase of electric energy, transmission, and other services between buyers and sellers.

**California Power Mix** — an estimate prepared annually by the Energy Commission of the fuel mix for generic electricity sold to California Consumers (otherwise known as net system power ).

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***Certificates*** —Certificates of Specific Generation issued pursuant to Appendix B of the Generation Source Disclosure regulations found at Title 20, California Code of Regulations, Section 1390 et seq.

***customer*** — For the purposes of the Customer Credit Subaccount, the end-use meter number identifies individual customers. For example, residents who have unique meter numbers at an apartment building would be counted as unique customers. Also, a small commercial business with facilities at several locations would be counted as a separate customer for each meter. Any individual meter is considered a customer regardless of whether multiple meters are at the same street address and regardless of if that address is a business, governmental facility, or residential facility. In the event that electricity usage is not metered, such as for public lighting, then the unmetered load is collectively considered one customer per billing account. For example, if a city is purchasing eligible renewable energy and has several unmetered streetlights, the usage for the lights would collectively be considered one customer. Note, some customers may be subject to the funding caps. Whether or not an individual customer is subject to the funding caps is dependent upon the rate schedule assigned to that meter. Tables 5-7 and the instructions in the Guidebook identify which rate schedules are subject to the funding caps.

***customer credit*** — the credit a Registered Renewable Provider shows on customer bills and seeks reimbursement from the Customer Credit Subaccount.

***electricity product*** — the electrical energy that a retail provider offers to sell to consumers in California under terms and conditions specific to an offer or to a tariff.

***generator*** — the initial seller of electrical energy produced by a generating unit.

***generic purchases*** — power purchased from the California Power Exchange (or other broker) that cannot be traced to a specific generating facility; any purchase other than a specific purchase (see definition below).

***kWhs (kilowatt hours)*** — A commonly used unit of measure for the amount of electricity consumed over time. It means one kilowatt of electricity supplied for one hour. A typical California household consumes about 500 kWhs in an average month.

***MWhs*** — Megawatt hours; one thousand kilowatt hours.

***provider*** — an entity that is a supplier, marketer, or aggregator, or some combination, that provides electricity to end-use customers.

***Power Pool*** —an entity into which multiple generators deliver generating facility output and out of which multiple retail providers purchase generating facility output, such that the buyer and seller may not have knowledge of each others identity.<sup>7</sup>

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<sup>7</sup> The amount of electrical energy delivered into and purchased from the pool must be equal, and the amount of fuel type attribute delivered into the pool must be equal to or greater than the amount of fuel attribute purchased from the pool.

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***Registered Renewable Provider or Wholesaler*** — a provider or wholesaler, that has self-registered with the Energy Commission.

***Retail Provider*** — any entity that sells power to an end-use customer, including investor-owned utilities, electrical corporations, municipal utilities, electric cooperatives, and electric services providers (ESPs). Only Retail Providers that make claims of specific purchases are subject to the verification requirements.

***specific purchase*** — a transaction in which the sale of electrical energy is traceable to a specific generating facility (via a contract trail, Certificate or the equivalent), and that the provider attests that the electrical energy has been sold once and only once to retail consumers. Specific purchases may include power purchased from a renewable power pool (e.g., the Automated Power Exchange), provided that the power pool files an Annual Report with the Energy Commission (subject to the same verification process as the Retail Provider's filing with the Energy Commission) and that the Annual Report does the following: 1) includes the Retail Provider's purchase from the pool, and 2) provides information about specific generating facilities selling power into the pool. Except in the case where the power was purchased through a power pool, the Retail Provider claiming specific purchases must document the generating facility name, unique generator ID number, and fuel type or claimed Certificate.

***Wholesaler*** — an entity that buys and sells electricity to providers, or one who acts as a broker in negotiating sales of power to providers.